

Unemployment Insurance

Mission

To provide income maintenance to individuals unemployed through no fault of their own, helping them bridge the gap between becoming unemployed and returning to work.

Summary of Activities

Unemployment insurance programs are administered by the **Department of Workforce Development (DWD)** and overseen by the Unemployment Insurance (UI) Board. The Board is also responsible for presenting an annual report to the Governor regarding the program and the status of three Unemployment Insurance Funds: the Unemployment Insurance Trust Fund, the Employment and Training Services Administration Fund, and the Special Employment and Training Services Fund.

The amount of UI benefits an individual is eligible to receive is determined by the amount of wages earned during their “base period”, which is comprised of the first four of the last five previous calendar quarters. A minimum of \$2,750 must have been earned during the base period to qualify for benefits. The benefit amount is calculated by multiplying the highest wages earned in any one of the four quarters in the base period by two separate but specific percentages. In the fiscal year 2003, no more than \$8,216 of wages may be counted per quarter. This amount increases to \$8,733 in FY '04 and \$9,250 in FY'05 due to a legislative increase in benefits in the 2003 session. A worker may receive benefits for a maximum of 26 weeks, but the benefits may be received during a 52-week period if the worker finds employment but is then laid off again.

The UI system is financed by the state unemployment tax, which is collected from Indiana employers. The unemployment tax rate is determined annually by a statutory schedule, and varies depending on the balance of the UI Trust Fund, the balance of the employer's account, and the amount of unemployment charges to the employer. The DWD collects all unemployment taxes from employers and distributes all UI benefits to workers.

The Special Employment and Training Services Fund is derived from penalties and interest collected on employers' delinquent Indiana unemployment insurance taxes. The UI Board may use this fund for limited administrative costs and unemployment prevention programs.

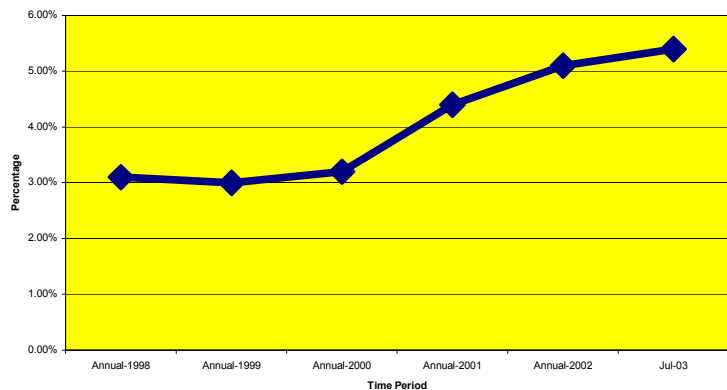
External Factors

Unemployment insurance expenditures are highly dependent on changes in economic conditions and the overall health of the national economy. The annual benefit pay out has increased significantly since the national recession that started in early 2001 and was accelerated by the tragic events of September 11, 2001. The increase in benefit payouts have caused the UI trust fund balance to decrease. However, the fund has remained solvent. Because Indiana's unemployment rate has increased with the national trend, the payment of unemployment benefits has increased and it is a demanding and challenging time for the Unemployment Insurance Services. Increased worker benefits and Internet applications have been implemented to ensure that the unemployment services are easily assessable to the customer.

Evaluation and Accomplishments

➤ A program to provide unemployment benefits to victims of Domestic Violence was implemented July 1, 2003.

**Indiana Unemployment Rate
CY 1998-June 2003**



- The UI Roundtable was formed and consists of 40 workers from executive, managerial, and front-line staff. The accomplishments of the workgroup include improvements in communication, customer service and performance and the development of strategic plans for the increased workload.
- Continued claims were implemented on the Internet to reduce the timeframe for issuing the weekly unemployment checks, resulting in 50% of eligible claimants utilizing the Internet application. Between January 2002 and June 2003, over 3.6 million continued claims were processed via the Internet.
- Indiana was the first state to implement Temporary Extended Unemployment Compensation (TEUC) and Temporary Extended Unemployment Compensation Airlines. Both programs are an extension of regular UI benefits paid for with federal funds and administered by DWD.
- UI Modernization Project will begin in the fall of 2003.
- DWD has achieved eighteen of the twenty-five Desired Levels of Achievement as defined by the US Department of Labor.
- A new remittance and document tracking system was implemented to improve customer service to employers. This system provides an audit trail of completed and in-process employer account activities.
- The UI Board approved funding for the Advance Indiana incumbent worker training initiative and high-tech training funds, in cooperation with the Department of Commerce.

Plans for the Biennium

The Unemployment Insurance Modernization project represents a major endeavor for DWD. This modernization, authorized in the O'Bannon/Kernan Energize Indiana Plan, will significantly improve performance in the delivery of benefits and the processing of employer taxes. Through information technology, customers will have easy access to the resources they need at anytime from anywhere. In addition, modernizing the UI System will allow existing staff to handle larger volumes of claims and will ensure that overall customer satisfaction remains high.

The DWD has implemented initial claims filing on the Internet, which improves the timeliness of appellate decisions and payment of unemployment benefits. We will also implement the increases in unemployment insurance benefits that became law as a result of legislation passed by the Indiana General Assembly during the 2003 legislative session.

